R4105-4

Consumer Confidence Survey

- *Business*
- *Employment*
- *Income*
- *Inflation*
- *Interest Rates*
- *Stock Prices*

August, 1989

CONSUMERS CONTINUE TO BE CONFIDENT

Consumer optimism registered another gain in July. The Confidence Index (1985 = 100) rose to 120.7, up 3.5 points for the month. Most of the gain reflects a more positive assessment of ongoing economic conditions. Expectations for the months ahead are only slightly better than last month. Buying plans are moderately stronger.

Consumers indicate considerable satisfaction with present business conditions. Now 31.8% say that they are "good," up from 28.3% in the prior probe. People also continue to be comfortable with the employment situation. A third of all respondents, about the same as last time, report that jobs are plentiful. Less than 20% complain that they are "hard to get," a better reading than last time.

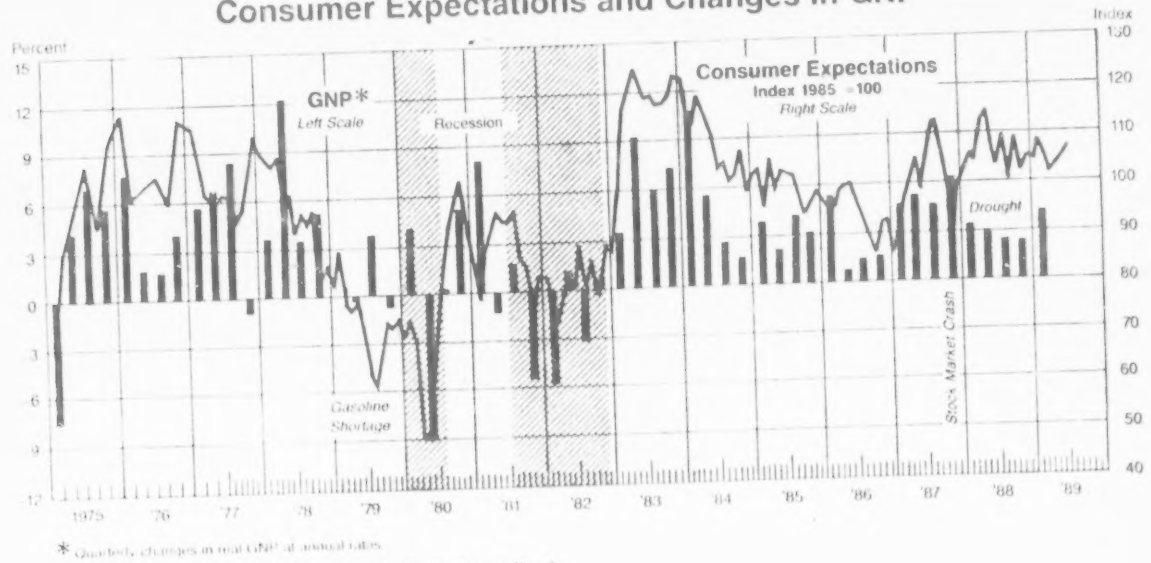
In assessing likely developments over the next six months, the prevailing view is not very different than a month earlier. Now, 18.6% believe that more jobs will become available, up from 17.9% earlier. Also, fewer people are concerned that jobs will become scarcer. However, concerning the likely trend of business conditions, there has been a slight decrease in those that expect an improvement. Concerning their families' economic situation, 26.8% expect an improvement, about the same as in the preceding probe.

Some 7% of all households indicate that they will buy a car within the next six months, up from 6.7% previously. This time last year, the figure was 8.9 percent. Plans to buy a home inched up from 3.3% to 3.7 percent. On a question concerning interest rates, 25% of respondents now expect them to decrease, up from 21% in June, and only 14% in May.

The sustained high level of confidence, despite signs that the economy is slowing, can be attributed to the strength of the particular economic circumstances which affect the day-to-day life of the ordinary citizen. Unemployment has been hovering around a benign 5%, and we are generating about 200,000 new jobs a month. The length of the workweek remains steady and strong. Also, the inflation hovers between modest and barely perceptible, and interest rates have eased. These developments are contributing to a sense of security. Although spending has leveled off recently, the saving rate—the difference between income and expenditures—while up from last year, is still below its long-term average.

Fabian Linden

Consumer Expectations and Changes in GNP



* Quarterly changes in real GNP at annual rates.

U.S. Department of Commerce, NEO Research Inc., The Conference Board

Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.
Percentage of all households = 100%

All series seasonally adjusted	1988 July	Aug.	Sep.	Oct.	Nov.	Dec.	1989 Jan.	Feb.	Mar.	Apr.	May	June(r)	July(p)
							Business			Employment			Income
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	113.5	119.7	110.7	116.9	112.9	119.4	115.8	120.7	117.4	116.6	116.7	117.2	120.7
Present Situation	128.2	135.1	126.7	128.3	129.1	140.1	133.4	139.2	136.2	138.9	137.2	135.5	141.8
Expectations	103.7	109.4	100.1	109.3	102.0	105.6	104.1	108.3	104.9	101.8	103.0	105.1	106.7
Appraisal of Present Situation: Percent													
Business Conditions													
Good	28.4	32.2	28.2	28.3	30.2	32.5	29.1	30.6	28.4	28.9	30.1	28.3	31.8
Bad	19.1	17.2	19.2	17.1	17.6	15.5	18.2	16.9	16.1	16.4	16.5	17.2	15.2
Normal	52.5	50.6	52.6	54.6	52.2	52.0	52.7	52.5	55.5	54.7	53.4	54.5	53.0
Employment													
Jobs plentiful	31.3	32.3	29.9	29.8	29.9	33.7	33.0	34.3	32.8	34.5	34.1	33.2	33.4
Jobs not so plentiful	46.2	46.0	47.7	47.2	47.1	45.5	45.8	45.8	46.7	45.7	44.8	46.4	47.3
Jobs hard to get	22.5	21.7	22.4	23.0	23.0	20.8	21.2	19.9	20.5	19.8	21.1	20.4	19.3
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	19.7	21.4	18.3	21.1	18.6	19.6	17.7	20.9	17.9	17.3	20.7	20.1	18.6
Worse	9.6	7.3	9.8	7.0	8.4	7.5	7.7	7.3	8.0	8.8	8.9	8.7	8.3
Same	70.7	71.3	71.9	71.9	73.0	72.9	74.6	71.8	74.1	73.9	70.4	71.2	73.1
Employment													
More jobs	17.7	19.0	17.2	18.6	15.9	17.2	17.1	17.0	15.9	15.4	18.9	17.9	18.6
Fewer jobs	15.0	13.6	15.4	13.2	14.7	14.4	14.5	12.8	12.7	13.1	15.6	14.2	13.1
Same	67.3	67.4	67.4	68.2	69.4	68.4	68.4	70.2	71.4	71.5	65.5	67.9	68.3
Income													
Increase	28.0	27.4	24.8	26.8	27.3	27.8	25.6	26.3	25.2	25.8	26.5	27.0	26.8
Decrease	6.2	6.3	6.9	6.9	6.9	6.7	6.2	6.3	6.1	7.0	8.1	6.7	6.7
Same	65.8	66.3	68.3	66.3	65.8	65.5	68.2	67.4	68.7	67.2	65.4	66.3	66.5
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	8.9	7.5	7.8	7.3	7.3	7.4	7.3	7.9	7.1	7.3	8.5	6.7	7.0
New	4.6	4.2	4.1	3.7	3.4	3.3	3.5	3.8	4.0	4.0	4.0	3.6	3.4
Used	3.4	2.8	2.7	2.7	3.0	3.3	2.9	3.2	2.7	2.7	3.2	2.5	2.5
Uncertain	0.9	0.5	1.0	0.9	0.9	0.8	0.9	0.9	0.4	0.6	1.3	0.6	1.1
Home													
Yes	3.5	4.2	3.3	3.7	3.1	3.8	3.0	2.9	3.1	3.2	3.4	3.3	3.7
New	1.1	1.3	1.1	1.0	1.0	0.9	0.6	1.0	0.7	1.0	0.9	0.6	1.0
Lived in	1.5	2.0	1.5	1.6	1.5	1.9	1.2	1.2	1.5	1.5	1.4	1.8	1.9
Uncertain	0.9	0.9	0.7	1.1	0.6	1.0	1.2	0.7	0.9	0.7	1.1	0.9	0.8
Major appliances													
Total plans	30.1	34.3	30.3	26.5	27.9	28.9	28.0	26.2	28.4	31.6	27.4	26.8	30.0
Refrigerator	4.5	5.0	4.5	3.6	4.1	4.3	5.4	4.9	4.3	5.4	4.5	4.6	4.3
Washing machine	4.7	4.5	3.9	4.1	3.0	3.7	3.7	3.2	4.2	4.2	3.1	3.4	4.5
TV Set	6.1	8.0	7.2	6.4	6.5	7.5	5.7	5.8	6.4	7.0	6.8	5.3	7.9
Vacuum Cleaner	5.2	6.1	5.7	3.8	4.8	4.7	4.3	4.2	4.9	4.7	5.2	5.0	4.7
Range	3.2	2.7	2.8	3.1	2.7	2.6	3.0	2.6	2.5	3.5	2.8	2.5	3.1
Clothes dryer	3.8	4.3	3.4	3.2	3.2	3.3	3.0	2.9	4.0	3.8	2.6	3.7	3.2
Air conditioner	2.6	3.7	2.8	2.3	3.6	2.6	2.9	2.6	2.1	3.0	2.4	2.3	2.3
Carpet	7.1	7.7	8.2	6.2	6.6	6.6	6.8	5.4	6.3	6.7	6.7	5.9	7.4
Vacation Intended Within Six Months: Percent													
Vacation Intended		51.6		49.1		48.5		45.3		46.8		45.7	
Destination													
U.S.		43.5		41.6		41.1		38.6		40.8		39.9	
Foreign country		10.1		8.7		8.8		8.1		8.4		7.6	
Means of travel													
Automobile		29.6		28.2		27.0		26.8		27.7		27.8	
Airplane		21.0		18.4		19.0		17.0		18.4		18.1	
Other		4.0		3.5		4.4		4.1		4.5		3.1	

(p)—preliminary (r)—revised

ATTENTION DATA USERS. Data in this publication are available online. For information, phone (212) 759-0900 Ext. 216.

Inflation Interest Rates Stock Prices

Not seasonally adjusted	1988 July	Aug	Sep	Oct	Nov	Dec	1989 Jan	Feb	Mar	Apr	May	June(r)	July(p)
Expectations for Twelve Months Hence: Percent													
Inflation Rate													
Average	5.0	4.9	4.8	4.8	4.7	4.7	4.6	4.8	4.8	5.1	4.9	4.7	4.8
Interest Rates													
Higher	74.9	74.9	75.2	71.8	65.1	78.2	73.7	71.8	79.9	76.4	69.9	57.3	52.8
Same	22.1	16.2	17.0	18.6	23.1	14.4	18.4	18.8	13.6	14.8	17.6	21.5	22.0
Lower	10.6	8.9	7.8	9.6	11.8	7.4	7.9	9.4	6.5	8.8	13.5	21.2	25.2
Stock Prices													
Increase	40.3	39.2	38.5	40.6	39.3	39.7	42.3	44.9	39.5	39.9	42.7	44.0	40.8
Same	34.8	33.0	34.8	35.0	36.0	33.3	34.7	33.5	34.3	35.9	33.3	34.6	34.6
Decrease	24.9	27.8	26.7	24.4	24.7	27.0	23.0	21.6	26.2	24.2	24.0	21.4	24.6

CONSUMER CONFIDENCE BY REGION

Seasonally unadjusted Index numbers 1985 = 100	1988 July	Aug	Sep	Oct	Nov	Dec	1989 Jan	Feb	Mar	Apr	May	June(r)	July(p)	AVERAGE May June July 1988	1989	Percent Change*
NEW ENGLAND																
Consumer Confidence Index	153.9	150.0	139.7	150.9	144.1	140.7	135.5	149.5	144.2	138.5	129.7	118.3	125.0	152.5	124.3	-18.5
Present Situation	199.5	205.4	204.9	201.3	198.0	205.6	189.5	203.7	199.5	198.3	189.4	180.0	184.5	203.1	184.6	- 9.1
Expectations	123.6	113.0	96.2	117.3	108.2	97.5	99.5	113.4	107.3	98.7	89.9	77.2	85.4	118.8	84.2	-29.2
MIDDLE ATLANTIC																
Consumer Confidence Index	120.8	125.6	122.6	126.3	113.7	124.9	122.1	124.9	117.3	117.8	112.6	122.1	117.2	122.7	117.3	- 4.4
Present Situation	145.8	157.2	153.4	148.7	143.2	164.0	147.1	153.4	142.6	150.7	137.8	155.9	151.2	150.0	148.3	- 1.1
Expectations	104.1	104.6	102.1	111.3	94.1	98.8	105.4	105.8	100.4	95.9	95.8	99.5	94.6	104.5	96.6	- 7.5
EAST NORTH CENTRAL																
Consumer Confidence Index	95.5	104.1	99.8	115.0	117.6	112.9	114.9	121.9	113.8	113.9	114.9	115.3	118.2	102.2	116.1	13.7
Present Situation	116.5	125.7	121.9	129.7	145.1	139.2	131.1	135.9	130.2	132.9	137.4	137.1	142.3	111.7	138.9	24.3
Expectations	81.5	89.8	85.0	105.2	99.3	95.5	104.2	112.6	102.9	101.2	100.0	100.8	102.1	95.8	101.0	5.4
WEST NORTH CENTRAL																
Consumer Confidence Index	76.0	70.7	86.3	97.5	88.6	93.4	98.9	100.3	102.2	89.4	80.4	84.5	98.6	85.3	87.8	3.0
Present Situation	91.3	74.6	96.6	99.4	97.4	103.9	106.1	91.6	99.9	101.0	94.2	95.5	123.5	94.2	104.4	10.8
Expectations	65.9	68.0	79.5	96.3	82.8	86.4	94.2	106.1	103.8	81.7	71.2	77.1	82.1	79.3	76.8	- 3.2
SOUTH ATLANTIC																
Consumer Confidence Index	138.6	141.2	138.0	142.4	139.1	133.5	131.7	134.5	137.0	134.0	133.7	140.1	140.8	139.7	138.2	- 1.1
Present Situation	168.6	172.8	170.2	175.3	170.6	175.4	167.5	167.0	170.7	171.9	165.3	172.8	177.5	167.1	171.9	2.8
Expectations	118.6	120.2	116.6	120.5	118.2	105.6	107.8	112.9	114.6	108.8	112.6	118.4	116.3	121.4	115.8	- 4.7
EAST SOUTH CENTRAL																
Consumer Confidence Index	84.4	105.9	102.3	108.7	102.1	94.3	107.2	108.5	111.6	88.9	106.5	100.1	104.4	98.9	103.7	4.9
Present Situation	74.6	100.3	99.2	99.2	102.1	104.9	96.2	89.7	100.2	92.2	114.4	94.8	96.1	88.6	101.8	14.8
Expectations	91.0	109.7	104.4	115.1	102.2	87.2	114.6	121.1	119.2	86.7	101.2	103.6	110.0	105.7	104.9	- 0.7
WEST SOUTH CENTRAL																
Consumer Confidence Index	80.5	80.1	74.8	83.8	67.3	79.7	84.6	83.8	77.0	82.6	77.4	79.0	87.1	79.0	81.1	2.8
Present Situation	30.1	31.0	29.3	42.4	27.4	34.5	30.1	35.2	30.3	38.8	44.2	46.0	59.6	31.8	49.9	56.9
Expectations	114.1	112.9	105.2	111.4	94.0	109.9	120.9	116.2	108.2	111.8	99.5	100.9	105.4	110.4	102.0	- 7.6
MOUNTAIN																
Consumer Confidence Index	80.3	92.8	76.9	92.4	91.8	106.1	76.5	86.7	100.6	92.6	90.5	91.7	85.0	86.7	89.1	2.7
Present Situation	61.9	77.0	70.0	81.1	66.5	90.9	50.0	43.7	80.4	77.3	75.1	70.6	68.7	70.1	71.5	2.0
Expectations	92.7	103.4	81.6	100.0	108.6	116.3	94.1	115.4	114.2	102.8	100.8	105.8	95.9	97.8	100.8	3.1
PACIFIC																
Consumer Confidence Index	126.7	134.0	124.6	127.7	133.7	133.7	128.2	138.2	130.0	131.3	134.9	134.6	134.7	126.4	134.7	6.6
Present Situation	161.5	161.7	160.1	156.9	169.4	170.7	157.5	164.0	157.6	165.5	173.2	171.3	171.6	154.8	172.0	11.1
Expectations	103.5	115.5	100.9	108.3	109.9	109.0	108.6	121.1	111.6	108.5	109.4	110.1	110.1	107.4	109.9	2.3

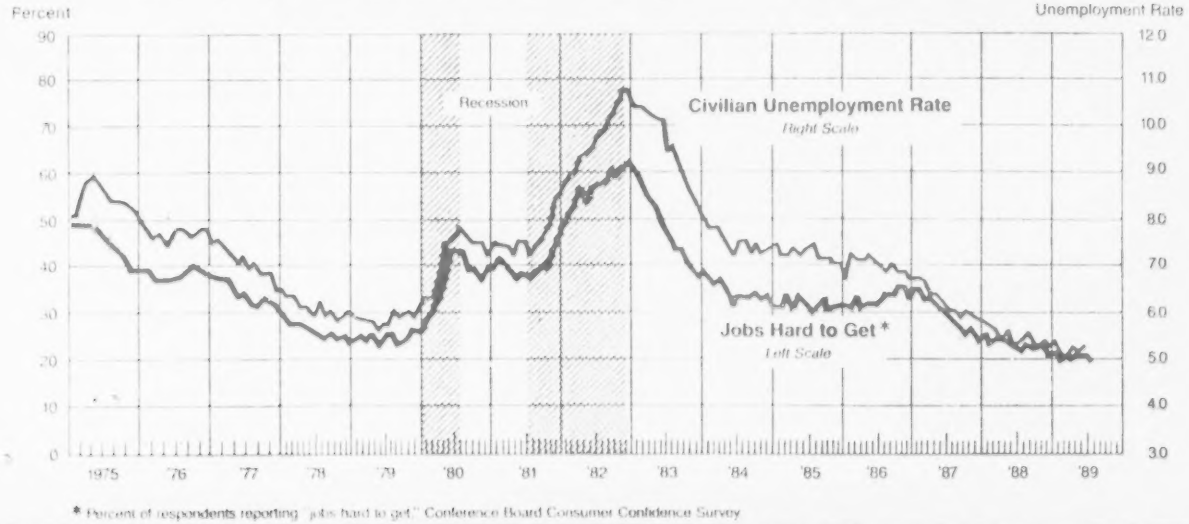
***Percent Change: Average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.**

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers 1985 = 100	1988 July	Aug.	Sep.	Oct.	Nov.	Dec.	1989 Jan.	Feb.	Mar.	Apr.	May	June(r)	July(p)	3 mos. Percent, Change*
TOTAL U.S.														
Consumer Confidence Index	113.5	119.7	110.7	116.9	112.9	119.3	115.8	120.7	117.4	116.6	116.7	117.2	120.7	0.0
Present Situation	128.2	135.1	126.7	128.3	129.1	140.1	133.4	139.2	136.2	138.9	137.2	135.5	141.8	0.0
Expectations	103.7	109.4	100.1	109.3	102.0	105.6	104.1	108.3	104.9	101.8	103.0	105.1	106.7	- 0.1
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	121.2	128.5	121.0	117.8	117.0	124.6	119.3	124.3	122.3	120.5	124.2	126.8	130.0	3.8
35-54	116.4	119.5	111.4	118.2	114.3	120.5	117.0	122.6	118.8	121.1	115.9	122.8	122.7	- 0.3
55 and over	102.2	110.4	99.1	112.4	106.2	112.8	109.1	113.6	109.5	106.9	110.4	102.6	111.1	- 1.8
Present Situation														
Under 35	134.5	147.0	138.2	125.9	128.9	143.5	133.5	143.6	138.1	144.3	136.3	145.6	146.8	0.6
35-54	130.5	133.8	127.2	128.2	130.8	143.5	134.8	139.1	137.5	143.6	141.9	142.7	143.7	1.9
55 and over	122.0	129.1	118.3	129.8	127.6	134.6	131.8	136.6	133.6	131.8	132.9	122.7	137.3	- 2.3
Expectations														
Under 35	112.4	116.1	109.7	112.5	109.0	112.3	109.7	111.4	111.7	104.6	116.2	114.4	118.9	6.7
35-54	107.0	109.9	100.8	111.6	103.3	105.3	105.1	111.3	106.3	106.2	98.5	109.6	108.9	- 2.1
55 and over	88.9	97.8	86.2	100.6	91.8	98.4	94.2	98.6	93.8	90.5	95.4	89.1	93.6	- 1.7
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	82.1	88.1	87.7	91.8	87.8	92.5	94.0	92.2	94.1	94.0	87.1	90.3	89.7	- 4.7
$15,000-24,999	104.8	115.3	102.2	108.5	115.2	115.9	105.2	120.6	107.6	114.3	113.0	109.0	121.6	0.3
$25,000 and over	130.9	135.3	123.7	131.9	124.2	131.7	129.6	134.5	131.4	128.2	131.5	132.1	134.1	0.9
Present Situation														
Under $15,000	83.3	84.0	89.6	89.9	91.7	95.0	90.0	88.2	94.8	99.4	88.5	90.7	97.3	- 2.1
$15,000-24,999	114.7	121.6	114.6	116.8	123.0	133.2	109.5	137.2	112.4	127.0	131.0	125.1	135.1	3.9
$25,000 and over	154.2	162.7	148.2	151.5	149.0	161.8	162.3	164.9	164.0	163.2	162.5	159.7	164.0	- 1.2
Expectations														
Under $15,000	81.5	91.0	86.8	93.3	85.2	91.3	96.1	93.8	92.9	90.2	86.2	90.4	84.8	- 5.6
$15,000-24,999	98.3	111.2	94.1	103.1	110.0	104.7	102.0	109.4	103.7	105.7	101.0	98.3	112.8	- 2.1
$25,000 and over	115.3	116.8	107.2	118.6	107.4	111.5	108.4	114.8	110.3	105.2	110.9	113.7	114.1	2.6

***Percent Change: Average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.**

Unemployment and Consumer Assessment of Job Availability



* Percent of respondents reporting "jobs hard to get." Conference Board Consumer Confidence Survey

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